



Statutory P O L I C Y

Section: Financial Services Division

Number: CMCS - 1

Subject: Cash Management Plan

Approved By: DEQ Secretary

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Purpose: North Carolina G.S. 147-86.10 requires that “all agencies, institutions, departments, bureaus, boards, commissions and officers of the State...shall devise techniques and procedures for the receipt, deposit and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances.”

Policy: The DEQ Cash Management Plan complies with state policy by outlining the responsibilities, duties and procedures to meet the state cash management objectives for the department’s receipts and disbursements. The objectives of managing receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents, and to expedite the movement of monies collected into interest bearing accounts. The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time to maximize earning potential, without making late payments or negatively impacting the relationships with firms who supply goods and services to the State. The objective of managing federal funds used in support of State-administered federal assistance programs is to ensure that neither the federal government nor the State of North Carolina benefits or suffers financially due to the transfer of federal cash to the state. It is the responsibility of each division or office, to implement the provisions of this plan in their respective units. Any exceptions or deviations from the DEQ Cash Management Plan must be approved by the DEQ Financial Services Division (FSD).

Operating

Procedures: The procedures for the Cash Management Plan are detailed in the following Table of Contents.

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PLAN ADMINISTRATION

The DEQ Accounting Manager shall be responsible for developing and managing the DEQ Cash Management Plan, which is inclusive of all Divisions and Offices. The Fiscal Officer in each DEQ Division is identified as the individual who has cash management responsibility and will adhere to the DEQ Cash Management Plan. Each Division will designate cash management responsibilities to individual employees annually by June 30 for the upcoming fiscal year by completing and signing the Cash Management Plan Certification page at the end of this policy. The DEQ Cash Management Plan will be submitted for approval to the Office of the State Controller. The approved DEQ Cash Management Plan shall be maintained on the DEQ Financial Services web site for accessibility to all Divisions.

All revisions and requests for exceptions to the DEQ Cash Management Plan are to be submitted in writing to the DEQ FSD for review and approval. Upon approval, the deviations will be incorporated in the DEQ Cash Management Plan when updated. The FSD Cash Management Section will maintain a list of Division contacts who have the cash management responsibilities. Divisions must notify DEQ FSD immediately when a position's assigned cash management responsibilities are changed. Current procedures which do not comply with the minimum standards herein shall be modified in accordance with these standards as soon as possible.

PLAN REQUIREMENTS

A. Cash Management Over Receipts:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, received by an employee of the State in the normal course of their employment shall be deposited as follows:
 - a. All monies received shall be deposited daily with the State Treasurer pursuant to G. S. 147-77 and G. S. 147-69.1.
 - b. Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer Under the provisions of G. S. 147-69.3.
2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law.
 - a. Daily Deposit Cutoff Times

G.S. 147-77 requires that all funds belonging to the State of North Carolina shall be deposited the same day with the State Treasurer or with the bank or trust company designated by the Treasurer, in the name of the State Treasurer, at noon, or as near thereto as possible and shall report the same daily to the Treasurer. To meet this requirement, to maximize interest, and to safeguard assets, the following is recommended as the standard for all DEQ divisions:

<u>Time Received</u>	<u>Deposit</u>
8:00 AM to 12:00 noon	by 2:00 PM. but not later than 5:00 PM.
12:00 noon to 5:00 PM.	by 5:00 PM. but not later than 12 noon the next day

Checks and cash which must remain in State offices over night must be kept in a safe or other secure locked storage file/box/room.

b. Cash Receipts Received Via Mail and On-site.

Any employee outside the supervision of the DEQ FSD who receives funds on behalf of the state must follow the procedures as delineated in this document. Every division and office of the Department shall designate at least one official cashier under the direction and supervision of the division Fiscal Officer and must list every site receiving cash with the responsible primary and secondary cashier positions on the Cash Management Plan Certification page at the end of this policy.

A list of all cash items received by mail or on-site/in person shall be prepared and maintained. The list shall contain the date of receipt, check number/receipt number, originator, bank, amount and purpose of the payment if known. Each check or warrant received will be stamped with the restrictive endorsement, "For Deposit Only", with the State Treasurer account number indicated. All DEQ divisions and offices will utilize the DEQ Daily Receipt Log found in the Cash Management – Forms folder on the FSD section of the DEQ intranet. All cash items received shall be turned into the cashier daily with a copy of the list in time for the daily deposit of funds by the cashier. If it is necessary to make a copy of a check for any reason, the copy should be safeguarded as personally identifiable information and all routing and account information must be redacted.

The duties of the cashier shall be to receipt and deposit all funds daily in the form and amount received and to prepare the daily cash reports. The cashier shall not be assigned duties inconsistent with those of cashier, including preparation of NCAS accounting transactions, posting accounts receivable, etc. It is the responsibility of the division to obtain an official pre-numbered receipt book or to have some other means for generating receipts, and receipts shall be issued for all over-the-counter cash collections. Receipts may be given for checks when requested by the payor or when the business of the division requires that other pertinent information be conveyed on the receipt.

Any cash turned into the Cash Management Section must be counted, and verified by both the Division responsible employees and the Cash Management Section employees. The signatures of both parties on the cash received report attest to the verification of the cash counted.

Check cashing services for employees or the public will not be provided by any division or office of the Department. No checks shall be cashed from agency receipts since State law requires funds to be deposited in the form received.

Monies received in the form of warrants drawn on the State Treasurer shall be deposited by the State agency directly with the State Treasurer in the state depository account only, unless otherwise approved by the State Treasurer.

c. State Treasurer Approved Exceptions to the Daily Deposit and Reporting Act

An exception to this requirement of daily deposit of funds is granted to divisions and offices having receipts less than \$250.00 daily. Funds are deposited at least weekly for checks or cash and any day when funds total \$250.00 or more per.

d. Return Check Fee

The State Cash Management Plan allows agencies to charge a return check fee, not to exceed twenty-five dollars (\$25.00), in accordance with the procedures and process outlined in the State Cash Management Directive for Collection and Depositing of Processing Fees for Returned Checks Except Those Offered in Payment of Taxes.

It is the policy of DEQ to charge and collect a processing fee of twenty-five dollars (\$25.00) for checks on which payment has been refused by the payor bank because of insufficient funds or because the drawer did not have an account at that bank, if at the time the consumer presented the check to the person, a sign:

- 1) was conspicuously posted on or in the immediate vicinity of the cash register;
- 2) was in plain view of anyone paying for goods or services by check;
- 3) was no smaller than 8 by 11 inches; and
- 4) stated the amount of the fee that would be charged for returned checks.

When the drawer sends a check by mail for payment of a debt and the check is dishonored and returned, the processing fee may be collected if the drawer was given prior written notice that a fee would be charged for returned checks.

- 1) DEQ divisions are to post a notice consistent with G.S. 25-3-506 in the immediate vicinity of any point of sale.
- 2) DEQ divisions are to give written notice to persons or entities that mail payments that a fee will be charged for returned checks.
- 3) DEQ divisions are to charge a processing fee of twenty-five dollars (\$25.00) for returned checks.
- 4) DEQ divisions must deposit the processing fee into the fund that provides the majority of the support for the following:
 - a) The position responsible for collecting the fee.
 - b) Other expenses incurred in collecting the fee.

In addition to the processing fee of \$25.00 for a returned check, if the payment is received after the due date, a late payment fee and interest shall be added per the state's policy on Interest and Penalty Fees, G.S. 147-86.23, as discussed in

Section A.4.c. below.

e. Returned Items and Money Deposited in Error

- 1) Should a discrepancy be discovered between the amount of a prepared deposit slip and the amount of the items enclosed, the bank will normally make an adjustment to the State Treasurer's account. When an adjustment is made, notification of the adjustment is normally received from either the bank or the State Treasurer's Office. The DEQ FSD Cash Management Section should ascertain from the State Treasurer's Office the appropriate action to correct the reporting of the deposit.
- 2) Under no circumstances is a depository bank allowed to refund any agency money deposited in error, without the express authorization of the State Treasurer's Office. Moneys deposited in error may be subject to the provisions of G.S. 143-3.4(a) and/or G.S. 147-84. The DEQ FSD Cash Management Section should ascertain from the State Treasurer's Office the appropriate action for the refund.
- 3) If the depository bank does not collect an item that was previously included in a deposit and credited to the account of the State Treasurer, the item will be returned by the depository bank as a "cash item" with a request for direct and immediate reimbursement. There are various reasons why the item may be returned, such as insufficient funds, payment stopped, incorrect endorsement, etc. The request may be received from the State Treasurer's Office or directly from the depository, depending upon the bank into which the deposit was made. Since statutory restrictions do not permit the bank to debit the State Treasurer's account once the item has been credited to the account, and because Federal banking regulations prohibit the bank from carrying uncollected items on its books after a certain time period, the bank must be reimbursed within 3 business days. According to budgetary procedures, a "Refund of Receipts" warrant should be issued payable to the depository bank. The Agency may then initiate its collection procedures to recover the item from the remitter.

f. Division Responsibilities over Receipts

THE REQUIREMENTS LISTED BELOW ARE MANDATORY FOR ALL SITES INVOLVED IN THE RECEIPTING PROCESS. Any deviation from these rules must be approved by DEQ FSD. All functions must have a designated employee to act as back-up. Employees with responsibilities over receipts are designated on the Cash Management Plan Certification page at the end of this policy.

- 1) Divisions will designate at least one official cashier who receives and deposits all funds daily.
- 2) A receipt log of cash items received will be prepared, maintained and turned

in with the cash and check items collected.

- 3) Divisions will designate an employee responsible for independently reviewing daily deposits and cash reports to ensure that all receipts are deposited correctly.
 - 4) Employee(s) must be designated to complete the NCAS coding sheet and submit it with the deposit ticket to the FSD Cash Management Section for processing within one (1) business day of the deposit to the bank via email to ooc.cash@ncdenr.gov. This employee must be separate from the employee who receives the cash items and prepares the receipt log.
 - 5) Divisions must notify DEQ FSD Cash Management Section when employees assigned cash receipting duties change.
3. Monies due to DEQ from other governmental agencies or from private persons shall be promptly billed, collected and deposited. DEQ follows all state rules for managing and collecting accounts receivable.
 4. Unpaid billings due to DEQ shall be turned over to the Attorney General for collection no more than 60 days after the due date of the billing. The agency may handle these unpaid bills pursuant to agency debt collection procedures.

a. Accounts Receivable Billing and Collections

DEQ bills all State agencies, local units and private entities for monies due the state no later than the 10th working day of the month following the month in which services were provided. Any corrections to customer accounts are to be processed and billing is to be no later than the 20th day of the month following the month in which services were provided.

Payment terms should be due upon receipt unless contractual requirements specify otherwise or other payment terms used are in accordance with industry standards. Follow-up written invoices for any unpaid amounts shall be sent if a vendor, agency or individual is 30 days late in payment following the due date of the original billing (0/net30). If an amount is still outstanding at the end of 60 days, a second follow-up invoice shall be sent via certified/return receipt mail. This invoice must notify the entity/individual that unless this account is paid within the next 30 days, it will be turned over to the Attorney General's (AG's) Office for collection. If no payment or response is received, the account may be turned over to the AG's Office on the first working day after the account is 90 days old, or depending upon the division, may be referred to DEQ general counsel for resolution.

The AG's Office Collection Guidelines can be found here:
<http://www.ncdoj.gov/getdoc/fcb611a7-27ef-4186-9d40-3a1bbea0fe38/2-6-4-3-4-Collections-Guidelines.aspx>. Delinquent accounts are submitted through a portal provided by the AG's Office. The AG's Office will send a demand letter to the

debtor. The debtor is given thirty (30) days from the date of the demand letter to respond.

Should the Debtor contact the Division directly after receipt of a demand letter from the AG's Collection Section, it is the responsibility of the Division to handle any inquiry. If the Debtor contacts the AG's Collection Section after receiving a demand letter, the Debtor will be referred to the Division to make any arrangements for repayment. The AG's Collection Section only makes repayment agreements after a lawsuit is filed.

The division should notify the Collection Section of the Attorney General's Office within forty-five (45) days from the date of the demand letter what response, if any, the Division has received from the Debtor, using the following codes to indicate the response:

- (PD) Paid
- (S/R) Satisfactory Response
- (N/R) No Response
- (N/R Sue) No Response (A.G.'s Office will file lawsuit)
- (N/R CA) No Response (Client will send to Collection Agency)
- (U/R) Unsatisfactory Response

Once the forty-five (45) day period has expired and the AG's Collection Section has received the Division's response codes, the AG's Collection Section will make its recommendations for each account.

All accounts receivable submitted for collection should be reviewed to ensure that the statute of limitations has not run. The statute of limitations is three (3) years on most accounts receivable.

Monies due to a State agency from another governmental agency or from private persons shall be promptly billed, collected and deposited in accordance with the Statewide Accounts Receivable Program as referenced in G. S. 147-86.20-.27. Documentation supporting invoices sent to other DEQ units and state agencies will be maintained at the billing division's office for review upon request. Documentation will be provided to other state agencies upon request. The Department does not promote deferred payment plans of amounts owed the State. Financial Services and Human Resources will develop an appropriate repayment schedule for any overpayments to employees.

All current publications and other requests for information for which divisions require payment should be prepaid before being released. This will minimize any low dollar outstanding accounts.

b. Write-off of Uncollectible Accounts

Accounts should be written off an agency's financial accounting records when all collection procedures, including those required by the Office of the Attorney General (OAG), have been conducted without results and management deems the

accounts uncollectible. Accounts due from individuals or vendors must be submitted to the Department of Revenue for setoff debt proceedings at least once prior to write off. After write off, these accounts shall continue to be submitted to the Department of Revenue for debt setoff proceedings.

1. OSC requires that the reasons for writing off an account and compliance with the Department's write-off process must be adequately documented and maintained in the agency's files. Such documentation must be readily available for audit.
2. Interagency receivables cannot be written off without the approval of the Office of the State Controller. If a division is unable to collect receivables from another state agency, DEQ FSD should contact OSC's Statewide Accounts Receivable Management Unit for assistance. The State Controller has the authority to process the interagency transactions that he/she considers necessary under the circumstances.
3. Uncollectible accounts may be written off an agency's financial accounting records and no longer recognized as collectible receivables for financial reporting purposes, but the legal obligation to pay the debts remains. Accounts written off remain debts to the Department until the division determines through a collection agency that the responsible party has no ability to pay or the debt has been collected. All uncollectible accounts must be discharged by the OAG if not collected.
4. Procedures to account for uncollectible receivables that have been written off are outlined below:
 - a) For any uncollectible receivable of more than \$25.00 that has been written off, a summary level record of the accounts sufficient to substantiate the debt is to be retained indefinitely or until the debt has been collected or discharged. For the uncollectible receivable of \$25.00 or less that has been written off, such records must be retained for two years.
 - b) A record of accounts written off must be maintained and reported to the OSC when requested.
 - c) For outstanding accounts of \$25.00 or less, all DEQ divisions have the authority to utilize the regular US mail rather than certified mail in notifying the debtors of the past due amounts. All divisions have the authority to write off the debt after 12 months of documented collection efforts.

c. Interest and Penalty Fee

G. S. 147-86.23 requires interest to be charged at the rate established pursuant to G. S. 105-241.21 on past due accounts receivable from the date it was due until it is paid. In any situation where we charge interest on an account receivable and

the payment schedule crosses periods, the interest rate remains consistent with the rate set at the time the payment schedule was put into effect. In those cases where a division has the ability to recoup the account receivable within subsequent months of the due date, interest shall be charged for the 30 day period through the date of the recoupment. Division Fiscal Officers will ensure that accounts are not in an appeal status prior to charging interest and proceeding with recoupment of funds.

A late payment penalty of no more than 10% of the accounts receivable shall be charged on all past due accounts. The penalty is in addition to the interest charge as required above. DEQ may waive a late-payment penalty for good cause shown.

d. Division Responsibilities over Accounts Receivable and Billing

THE REQUIREMENTS LISTED BELOW ARE MANDATORY FOR ALL SITES INVOLVED IN THE RECEIPTING PROCESS. Any deviation from these rules must be approved by DEQ FSD. All functions must have a designated employee to act as back-up. Employees with responsibilities over accounts receivable and billing are designated on the Cash Management Plan Certification page at the end of this policy.

- 1) An employee(s) must be designated to bill all accounts within 10 days after amount of incurred costs are known.
 - 2) An employee(s) must be designated to send out past due notices in accordance with policy.
 - 3) An employee(s) must be designated to pursue debt collection in accordance with policy.
 - 4) An employee(s) must be designated to complete the division's report on accounts receivables at least quarterly.
 - 5) Divisions must notify DEQ FSD when employees assigned accounts receivable and billing duties change.
5. Federal funds received for major federal assistance programs, that are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement.
 6. All federal fund draws should be timed so that the funds are on deposit with the State Treasurer no more than three business days prior to the disbursement.

a. Drawing, Receiving and Depositing Federal Funds

DEQ follows all OSC policies and procedures drawing, receiving, depositing and disbursing federal funds. Neither the federal government nor the State of North Carolina benefits or suffers financially from the transfer of cash in support of all

State administered federal assistance programs where federal funds are received and deposited into the State Treasurer's account. DEQ requests federal funds so that the receipt of those funds occurs as close as practicable to the issuance of state warrants or payments by electronic funds transfer. In accordance with OSC's cash management policy for federal funds, DEQ requests indirect cost reimbursements monthly.

7. DEQ shall accept electronic payments (credit/debit cards [merchant cards] and electronic funds transfer [EFT]), in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices.

- a. Electronic Payment Guidelines

DEQ accepts electronic payments from customers via electronic checks and credit cards for various goods, services, fees and fines through OSC's established statewide electronic commerce vendor(s). Websites have been and can be established for each division that charges customers and are available for our customers to go online to pay any funds invoiced. New requests to begin accepting electronic payments must be submitted to the FSD Financial Systems Manager.

All divisions and locations must follow the electronic payment policies and procedures outlined in the DEQ Cash Management Plan, or request in writing a specific exception from the FSD Accounting Manager. The FSD will review the request and notify the requester of approval or disapproval. Any divisions currently accepting electronic payments outside the statewide vendor must initiate steps to begin accepting electronic payments through the statewide vendor. Any division continuing to utilize a vendor other than the statewide vendor selected by the agency, shall provide their policies and procedures for their credit card and PCI compliance processes.

- b. Electronic Payment Process

Card transactions are routed through the statewide vendor system for collection and settlement. Bank draft transactions, also referred to as "echecks," are routed through a different system that functions as the ACH originating bank. The ACH debits are submitted against the payer's banking account and the receipts are credited to the agency's designated bank account. The agency's designated bank account normally is the same account the agency has with the State Treasurer for the settlement of its electronic transactions. There are no fees for any ACH transactions other than the basic third party per transaction fees. Should the payer select the bank draft option echecks, the agency avoids the interchange fees associated with processing merchant cards.

In the case of both card transactions and bank draft echecks, funds are credited to the agency's dedicated depository bank account one to two banking day after the transaction date, depending on the type of card used. Although the echeck transactions will be credited to the agency's bank account separate from the card

transactions, the net total of both set of transactions will be swept to the State Treasurer's account as one amount, thereby requiring the agency to certify in CMCS the single amount transferred representing all transaction activity combined.

The agency collects a convenience fee from the customer for all electronic credit card payments received in accordance with G.S. 147. The fees collected are deposited into a separate account and used to settle any charges due to the third party vendor approved by the Office of the State Controller. The \$25.00 returned check fee applies to any echecks that are returned.

NOTE: Any division operating a POS (point of sale) terminal must be authorized and submit documentation to the DEQ FSD to ensure that they are in compliance with all PCI regulations.

c. Reconciliation

Divisions are responsible for reconciling electronic payments daily and monthly. Each day divisions should log into the third party gateway system to generate reports of the prior day's activity. A copy of the report indicating the total amount paid for the day is sent to the FSD Cash Management Section with a Journal Voucher (JV) stating where the funds should be receipted. The FSD Cash Management Section certifies daily in CMCS the total amount deposited into the State Treasurer's account on behalf of the agency.

For entities depositing funds with the State Treasurer, the dedicated sub-ZBA bank account assigned by the State Treasurer, with associated CIT account number, is utilized to account for all funds received, returned and charged back. A daily settlement report is provided from each of the two statewide vendor systems and credited to the agency's designated ZBA bank account established with the State Treasurer.

The reconciliation is performed using the online tools provided by the statewide vendor for cards and the third party reports for both cards and echecks. The online tool to be utilized to view the funds actually received and credited to the bank account for all transactions is the State Treasurer's depository account web portal.

The agency's dedicated ZBA account will have the following transactions daily for each application:

- 1) daily total of Visa/MasterCard transactions;
- 2) daily total of echeck transactions;
- 3) individual card chargebacks; and
- 4) individual bank draft returns.

The total amount of all transactions is swept from the agency's dedicated bank account to the State Treasurer's bank account. The division has access to view

the CIT account transaction activity via the State Treasurer's Core Banking System. The division ensures that all electronic payment amounts from the vendor systems are accounted for in the State Treasurer accounts.

In addition to adhering to these guidelines, DEQ plans shall employ proven techniques, which improve cash handling. Some of those techniques include:

- a. Receipt of federal grant payments by wire transfer when possible.
- b. Special post office boxes to facilitate the processing of large remittances.
- c. Color coded mailing labels and envelopes to identify remittances for special handling.
- d. Separate addresses to distinguish remittances from other mail.
- e. Reassignment of personnel, or the hiring of temporary personnel, when this proves effective, to accelerate the processing of remittances during peak periods.
- f. Deposits made by units outside Raleigh should be made with cash concentration banks designated by the state Treasurer.
- g. The evaluation and establishment of lock-boxes in areas which are large source remittances, but which are geographically distant from the nearest State agency office. Lock-boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- h. The use of remittance processing equipment when justified by the volume of deposits.
- i. Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- j. Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

B. Cash Management over Disbursements:

Per G.S. 143C-6-1(b), a State agency shall expend departmental receipts first, including receipts in excess of the amount of receipts budgeted in the certified budget for the program or purpose, and shall expend other funds appropriated for the purpose or program only to the extent that receipts are insufficient to meet the costs anticipated in the certified budget.

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time, with disbursements made based on the terms of the contract or purchase order. This allows the State to recognize the maximum earning potential of its funds. This is not intended to encourage late payment or have a negative impact on relationships with the firms who, in good faith, supply goods and services to the State. The following rules apply:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.
 - a. Cash Disbursements

Prior to disbursement of state and federal funds, the Fiscal Officer will ensure the

following documentation is approved and available in the Fiscal Office or the FSD files:

- 1) Purchase Order (PO) purchases/acquisitions:
 - a) A copy of the PO (on-line or hard copy)
 - b) Original invoice from the vendor signed off by a state employee or designated party indicating approval to pay
- 2) Contracts:
 - a) A copy of the approved, signed contract for the applicable fiscal year
 - b) Reimbursement request from the contractor with the contract administrator signature approval to pay
 - c) For Capital Projects, the architect's approval and/or Capital Project Coordinator's signature approval to pay
- 3) Employee travel and training:
 - a) Travel Reimbursement Request, signed by claimant and the supervisor with receipts attached, as established by OSBM reimbursement rules
 - b) Travel Authorization Form with all required signatures for all travel
 - c) Travel Authorization Form with all required signatures to pay a class or registration fee
- 4) Tuition reimbursement
 - a) Application for Employee Education Assistance approved by the supervisor for participation
 - b) Copy of the transcript indicating passage of the course
 - c) Copy of canceled check or receipt
- 5) Non-PO direct expenditures (such as utilities, DIT, etc.)
 - a) Pay from an original invoice with an original signature, not a copy
 - b) Ensure that DIT payments are for application codes assigned to specific divisions and divisions are responsible for ensuring that the billing is correct
 - c) Ensure that utilities are for locations that division/office has responsibility

b. Escheats

G. S. 116B requires that all state warrants unclaimed or uncashed for a period of 5 years must be escheated. DEQ FSD follows the procedures set forth in the General Statute. The escheat law requires that an attempt must be made to notify each owner at their last known address that their property, worth \$50.00 or more, became escheatable, and will escheat to the state of North Carolina unless claimed. The notification attempt must be made not less than 60 days, and not more than 120 days, prior to the date on which the annual escheat report is due to be filed.

c. Imprest/Petty Cash Fund

- 1) All imprest/Petty Cash funds are to be approved by DEQ FSD. Upon approval by the DEQ Controller a budget revision establishing the fund may be sent to Office

of State Budget and Management for their approval.

- 2) These funds are to be utilized during the fiscal year for emergency purchases in a situation where the normal requisitioning/purchasing process is deemed too lengthy and to provide change in the day to day operations.
- 3) These funds are to be kept at a minimal level and are to be kept locked up in a safe or file cabinet with offices locked in the absence of the fund custodian. The cashier or the employee acting as cashier is responsible for control of the imprest/petty cash funds.
- 4) Petty Cash receipts and invoices should be reconciled on an on-going basis by the custodian of the fund. Reconciliation of the petty cash fund is to be made each month by both the custodian of the petty cash fund and the employee responsible for bank deposits, or another employee designated by the Fiscal Officer.
- 5) Reimbursement of expenditures made from the petty cash fund is made periodically as needed throughout the year.
- 6) The entire petty cash fund is to be deposited with the State Treasurer by the end of the fiscal year.

d. Bank Reconciliation

Department Bank Accounts shall be reconciled monthly by the 15th working day after the necessary reports are available.

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of Chapter 143C of the General Statutes, regardless of whether the State agency disbursing or expending the monies is subject to the State Budget Act.
3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
 - a. State appropriations shall not be used to support expenditures which are reimbursable from any source when an advance is available by letter of credit or other means.
 - b. Receipts shall be recorded in the Company/Account/Center which has incurred or will incur the reimbursable expenditure. An appropriate clearing account may be established in the General Fund for recording receipts pending allocation of reimbursable administrative expenditures.
4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.
 - a. Early payment of invoices is avoided since NCAS accommodates the timely payment

of invoices by scheduled due date. Accounts payable clerks are responsible for entering invoices so that they pay by the discount date or due date.

- b. Requests to disburse funds prior to the scheduled due date should be justified in writing and approved by the Accounting Manager, with supporting documentation filed in the accounts payable batch and in the division files.
5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. To avoid disbursement account overdrafts, warrants should not be release before adequate funds have been requisitioned by the agency and approved and deposited to the applicable disbursing account by the OSC.

a. Disbursement of State Funds

DEQ issues electronic payments and checks weekly. All checks are to be mailed directly to the payee by DEQ FSD. Checks are mailed on a schedule that will ensure delivery on or by the due date. Manual checks are issued infrequently and only when no other method of payment is available.

In unusual circumstances, it may become necessary for a division to request to pick up a check for delivery or mailing. Justification and documentation for any such action must be attached to the data entry coding sheets and when submitted to accounts payable for processing. The accounts payable supervisor will either approve or disapprove each request. If the request is approved, the invoice will be processed and the check will be set for pickup by the division. If the request is disapproved, the division will be notified.

It is the responsibility of the individual picking up the checks to turn them over to the division fiscal officer/authorized designee. Checks will not be released to any individual who is not authorized by the division to do so.

A log will be maintained for each check picked up. Employees with authority to accept checks will be required to sign for each check. The check log will be a permanent record maintained by the DEQ FSD and will show the names of people authorized to pick up the checks, the vendor name, the check number, the amount of the check, and the signature of the authorized individual accepting the check. It is the responsibility of the person accepting the check to deliver them to the fiscal officer or authorized designee.

b. Special Appropriations

Any special appropriations totaling more than \$100,000 are disbursed on a quarterly or monthly basis in accordance pursuant to G. S. 143C-6-21 and the State's Cash Management Plan. Special appropriations of \$100,000 or less are paid in a single payment unless provided otherwise by state or federal law.

6. Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.

7. State administered procurement cards should be used to provide employees with food, lodging and other applicable subsistence in emergency situations.
 - a. Division Responsibilities over Disbursements

THE REQUIREMENTS LISTED BELOW ARE MANDATORY FOR ALL SITES INVOLVED IN THE RECEIPTING PROCESS. Any deviation from these rules must be approved by DEQ FSD. All functions must have a designated employee to act as back-up. Employees with responsibilities over disbursements are designated on the Cash Management Plan Certification page at the end of this policy.

- 1) Identify position that receives vendor invoices with supporting documentation and desk audits the invoices for accuracy and completeness, due date, discount rate, if applicable, and other pertinent information.
- 2) Identify the positions that prepare coding or batching of invoicing.
- 3) Identify the positions that handle unique disbursement processing, i.e. the reimbursement of state level contracts, travel, and administrative contracts.
- 4) Identify the location, amount, employee title and position number for each Petty Cash Fund established.
- 5) Identify position that has responsibility for auditing the Petty Cash Fund disbursements/reimbursements.
- 6) Vendor invoices are compared with copies of purchase orders, approved requisitions, receiving reports, and packing slips.
- 7) Vendor invoices for partial shipments are noted on purchase order.
- 8) Invoice computations and account distribution per the purchase order or requisition are verified as correct.
- 9) Invoices for utility services are reviewed and approved for payment by management officials outside the DEQ FSD in accordance with an official delegation of approval authority.
- 10) Debit memorandums are used to charge vendors for shortage, defective materials, etc., and approved by supervisory staff.
- 11) Original invoices are to be utilized for processing payments and to support the payment files. Duplicates are to be used only if the original invoice is misplaced.
- 12) Cost centers (RCC) are charged only for allowable benefiting, direct and indirect cost specifically related to the program activity.

Cash Management Plan Certification
Fiscal Year: _____

DIVISION/REGIONAL OFFICE: _____

LOCATION: _____

Please submit the primary and secondary contact information below for the individual responsible for ensuring that cash management practices are followed at this location.

PRIMARY CONTACT NAME/TITLE/: _____

PRIMARY CONTACT TELEPHONE NUMBER: _____

PRIMARY CONTACT E-MAIL ADDRESS: _____

SECONDARY CONTACT NAME/TITLE: _____

SECONDARY CONTACT TELEPHONE NUMBER: _____

SECONDARY CONTACT E-MAIL ADDRESS: _____

Official Cashier(s): _____

Receipt Log Maintainer(s): _____

Deposits and Daily Cash Reports Reviewer(s): _____

NCAS Coding Sheet (CRJV) Preparer(s): _____

Accounts Receivable Biller(s): _____

Accounts Receivable Quarterly Reporter(s): _____

Accounts Payable Reviewer/Coder(s): _____

Contract Invoice Reviewer/Approver(s): _____

Petty Cash Fund Owner(s): _____

The Division agrees to abide by the rules and guidelines established in the DEQ Cash Management Plan.

Division Director: _____

Date: _____

Fiscal Officer: _____

Date: _____